

## MONTHLY AND QUARTERLY FINANCIAL REPORTING REQUIREMENTS

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### GENERAL INSTRUCTIONS

The attached directive is being issued in draft to give the Workforce Development Community the opportunity to review and comment prior to final issuance.

Submit any comments by email or mail no later than October 17, 2016 calendar days.

All comments received within the comment period will be considered before issuing the final directive. Commenters will not be responded to individually. Rather, a summary of comments will be released with the final directive.

**Comments received after the specified due date will not be considered.**

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**Email**      Kirstin.cordova@edd.ca.gov  
Include "Draft Directive Comments" in the email subject line.

**Mail**        EDD  
Attn.: Financial Management Unit  
P.O. Box 826880 / MIC 69  
Sacramento, CA 94280-0001

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If you have any questions, contact Kirstin Cordova at 916-653-0521.

## MONTHLY AND QUARTERLY FINANCIAL REPORTING REQUIREMENTS

### EXECUTIVE SUMMARY

This policy provides guidance and establishes procedures regarding monthly and quarterly financial reporting requirements. This policy applies to all Workforce Innovation and Opportunity Act (WIOA) subrecipients who have a subaward in the form of a subgrant, and is effective on the date of issuance.

This policy contains some state-imposed requirements. All state-imposed requirements are indicated by ***bold, italic*** type.

This policy supersedes Workforce Services Directive *Quarterly and Monthly Financial Reporting Requirements* (WSD12-03), dated July 18, 2012. Retain this directive until further notice.

### REFERENCES

- *Workforce Innovation and Opportunity Act* (WIOA) (Public Law 113-128)
- Joint WIOA Final Rule
- Department of Labor (DOL) WIOA Final Rule
- Title 2 *Code of Federal Regulations* (CFR) Part 200: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance)
- Title 2 CFR Part 2900: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (DOL Exceptions)
- Training and Employment Guidance Letter (TEGL) 02-16, Subject: *Revised ETA-9130 Financial Report, Instructions, and Additional Guidance* (July 14, 2016)
- TEGL 02-15, Subject: *Operational Guidance for National Dislocated Worker Grants, pursuant to the Workforce Innovation and Opportunity Act (WIOA or Opportunity Act)* (July 1, 2015)
- Workforce Services Directive WSD16-01, Subject: *WIOA Youth Program Requirements* (July 6, 2016)
- Workforce Services Directive WSD15-25, Subject: *WIOA Program Income* (May 24, 2016)
- Workforce Services Directive WSD14-01, Subject: *WIA Training Expenditure Requirements* (July 8, 2014)

## BACKGROUND

Federal regulations require that the state submit accurate financial reports to DOL on a quarterly basis. Therefore, the state requires subrecipients to submit financial reports on a monthly and quarterly basis in the CalJOBS<sup>SM</sup> system.

## POLICY AND PROCEDURES

### Definitions

***Accrual Basis of Accounting*** – The accounting basis wherein revenues and expenses are recorded in the period in which they are earned or incurred, regardless of whether cash is received or disbursed in that period.

***Accrued Expenditures*** – An expenditure for goods that have been received or services that have been provided but have not been paid for.

Career Services (Basic) – Must be made available to all job seekers and include, but are not limited to, job listings, labor market information, labor exchange services, and information on partner programs (Joint WIOA Final Rule Section 678.430[a]).

Career Services (Follow-Up) – A program element that is required to last not less than 12 months after completion of participation to help ensure participants receive the support they need as they transition into the workforce. Follow-up services may include counseling regarding the workplace (Joint WIOA Final Rule Section 678.430[c]).

Career Services (Individualized) – Comprehensive services tailored to an individual to obtain or retain employment. Individualized Career Services include, but are not limited to, comprehensive skills assessments, career planning, and development of an individual employment plan (Joint WIOA Final Rule Section 678.430[b]).

***Cash Contributions*** – Federal and/or non-federal contributions of funds made available to the subrecipient to be used for project activities. The subrecipient controls and disburses these funds.

***Cash Expenditures*** – An obligation for goods or services that have been received and paid for.

***Cumulative Reporting*** – The reporting method that provides expenditure data for activity that occurs from the beginning term date of the project through the last day of the period (month or quarter) that is being reported.

**Grant Code – The three or four digit code that identifies a particular allocation. The Central Office Workforce Services Division (COWSD) accounts for each allocation by grant code. Therefore, several grant codes exist within a subgrant agreement.**

**In-Kind Contributions – Federal and/or non-federal contributions of non-cash resources made available to the subrecipient to be used for project activities. Examples include donated personnel, services, or use of equipment or space.**

**Incentive Funds – Non-Federal funds awarded to Local Workforce Development Areas (Local Area) based on performance (Joint WIOA Final Rule Section 677.215).**

**Incumbent Worker Training (IWT) – Training designed to meet the special requirements of an employer to retain a skilled workforce or avert the need to lay off employees by assisting the workers in obtaining the skills necessary to retain employment. Local Areas may reserve up to 20 percent of their combined adult and dislocated worker formula funds for IWT (DOL WIOA Final Rule Section 680.790 - 680.800).**

**Leveraged Resources – Federal and/or non-federal resources (cash and/or in-kind contributions) used by the subrecipient to support grant activity and are allowable and auditable under Uniform Guidance. This includes all expenditures that meet the requirements for match but are in excess to the match requirement.**

**Match – Additional non-federal resources, unless otherwise stated in the Solicitation for Proposal (SFP), that are made available to the subrecipient either by cash or in-kind contributions to be used specifically for project activities. The awarded subrecipient has control over and disburses these funds. Match is only reportable when it is a requirement of the grant listed in the SFP. Match may be a federal and/or non-federal requirement and is documented by a project specific letter of commitment from the donor within the SFP.**

**Needs Related Payments (NRP) – Funds used to provide payments to participants who are unemployed and do not qualify for unemployment compensation for the purpose of enabling such individuals to participate in training services (WIOA Section 134(d)(3)).**

**Obligation – A formal contractual commitment for the dollar amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the subrecipient during the current or future period (Uniform Guidance Section 200.71).**

**Other Training Services – Also known as supportive services. These expenditures should be reported as “Other” as part of Section V.6.**

**Participant Wages – Wages paid to participants in temporary jobs related to disaster National Dislocated Worker Grants (NDWG) which is in compliance with WIOA Section 181(a)(1)(A).**

Participant Fringe Benefits – Benefits paid to participants in temporary jobs related to disaster NDWGs which is in compliance with the policies of the employer of record (TEGL 02-15).

Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a Federal program (Uniform Guidance Section 200.74).

Pay-for-Performance (PFP) – A contract that specifies a fixed amount that will be paid to the service provider based on the achievement of specific levels of performance. Local Areas may reserve up to 10 percent of their combined adult and dislocated worker formula funds and/or 10 percent of their youth formula funds on PFP contracts (DOL WIOA Final Rule Section 683.510 – 683.520).

Period of Performance – The time during which the subrecipient may incur new obligations to carry out the work authorized under the federal award. The pass-through entity must include start and end dates of the period of performance in the federal award (Uniform Guidance Section 200.77).

Program Income – Income earned by the subrecipient that is directly generated by a supported activity or earned as a result of the Federal award. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property, license fees and royalties on patents and copyrights, and interest on loans made with Federal award funds. Program income does not include rebates, credits, and discounts (Uniform Guidance Section 200.80). For more information on Program Income, refer to directive WSD15-25, WIOA Program Income.

***Program Management & Oversight – The amount of administrative expenditures, not to exceed the administrative cap, and excluding any processing costs expended for any NRPs will be entered in Section VIII.8.a. The amount of non-administrative expenditures related to the management and oversight of the program will be entered on Section VIII.8.b.***

***Stand-In Costs – Costs for the program paid for with non-federal costs resulting from an audit. Stand-in costs must come from the same year as the costs that they are proposed to replace and they must not cause a violation of the administrative or other cost limitation. These costs must be included in the appropriate expenditure reports if they will be used at a later time.***

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (Uniform Guidance Section 200.92).

***Subgrant Agreement – The vehicle that conveys WIOA funds to each subrecipient. The subgrant agreement may contain one or more grant codes and is term-specific.***

**D** Subrecipient – A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from the federal awarding agency (Uniform Guidance Section 200.93).

**Supportive Services – Services provided, based on customer needs, directly or through cash assistance that enable an individual to participate in WIOA career and training services.**

**R** Training Payments – Services provided to equip individuals to enter the workforce and retain employment. Training services may include, but are not limited to, occupational skills training, on-the-job training, IWT, skill upgrading and retraining, and pre-apprenticeship training (DOL WIOA Final Rule Section 680.200). **State Bill (SB) 734 imposes training expenditure requirements on Local Areas. For more information on the training requirements imposed by SB 734, refer to directive WSD14-1, WIA Training Expenditure Requirements.**

Transitional Jobs – A time-limited, paid and subsidized work experience for individuals with barriers to employment who are chronically unemployed or have inconsistent work history. Local Areas may reserve up to 10 percent of their combined adult and dislocated worker formula funds (DOL WIOA Final Rule Section 680.190 – 680.195).

**A** **Unliquidated Obligations – A formal contractual commitment for a good or service that has NOT been received and has NOT been paid for within the report period.**

Youth In-School (ISY) – Expenditures spent on in-school youth (DOL WIOA Final Rule 681.220). For eligibility and program requirements for ISY, refer to directive WSD16-01, *WIOA Youth Program Requirements*.

Youth Out-of-School (OSY) – Expenditures spent on out-of-school youth. OSY expenditures must meet a 75 percent requirement (DOL WIOA Final Rule Section 681.210 and 681.410). For eligibility and program requirements for OSY, refer to directive WSD16-01, *WIOA Youth Program Requirements*.

**F** Youth Paid/Unpaid Work Experience – Paid or unpaid work experience provided to ISY and OSY that includes academic and occupational education. This includes summer employment opportunities, pre-apprenticeship programs, internships, and on-the-job training. Local Areas must expend 20 percent of their youth funds on work experience (DOL WIOA Final Rule Section 681.610). For more information on work experience, refer to directive WSD16-01, *WIOA Youth Program Requirements*.

## **Expenditure Reporting Requirements**

**T** Subrecipients are responsible for ensuring all expenditure reports are accurate and submitted on time. Subrecipients are required to submit monthly and quarterly expenditure reports on a

cumulative basis following the accrual basis of accounting. A separate expenditure report must be filed for each grant code.

Youth, Adult, and Dislocated Worker formula expenditures must be reported quarterly.

**Expenditures for all other funds are required to be reported monthly.** Accrued expenditures do not need to be split out for monthly reports, but should be reported on all quarterly reports.

**Subrecipients must submit their monthly and quarterly expenditure reports in the CalJOBS system by the 20<sup>th</sup> of the month following the end of each reporting period.**

**Example – Expenditure reports for the reporting period that ends July 30<sup>th</sup> are due August 20<sup>th</sup>.**

**NOTE – When the reporting deadline falls on a weekend or holiday, all reports are due by close of business (COB) on the last business day prior to the due date.**

**Late or incomplete filing of monthly and quarterly expenditure reports will impede future cash requests until the appropriate reports are filed. A cash hold will be implemented immediately once the due dates have passed and the expenditure reports have not been received by the State. Even if no financial activity has occurred since the start of the project, a zero expenditure report must still be filed.**

#### **Filing a WIOA Summary of Expenditures Report**

**Follow the procedures below to file a Summary of Expenditures report in CalJOBS<sup>SM</sup>:**

1. **From the CalJOBS<sup>SM</sup> home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”**
2. **Enter the appropriate subgrant number and grant code.**
3. **Find the report period end date that an expenditure report is being filed for and select “Create.”**
4. **Enter the appropriate expenditure information in the appropriate areas.\***
5. **Complete the “Certified By” and “Contact” information section.**
6. **Once you have completed the report, select “Save.”**

**\*Examples of the Summary of Expenditures reports are included as Attachments 1 through 4 to this directive. Definitions of the line items can be found in the definitions section of this directive.**

#### **Revising a Summary of Expenditures Report**

**There may be a time when it is necessary to revise a Summary of Expenditures report. Follow the procedures below to revise your Summary of Expenditures Report in CalJOBS<sup>SM</sup>.**

1. ***From the CalJOBS<sup>SM</sup> home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”***
2. ***Enter the appropriate subgrant number and grant code.***
3. ***Find the expenditure report that was previously filed for the report period and select “Revise.”***

## ACTION

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Bring this directive to the attention of the appropriate staff.

## INQUIRIES

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If you have any questions, contact the Financial Management Unit at 916-653-9150.

/S/ JOSÉ LUIS MÁRQUEZ, Chief  
Central Office Workforce Services Division

Attachments are available on the internet:

1. [WIOA Summary of Expenditures Report](#)
2. [Layoff Aversion and Rapid Response Summary of Expenditures Report](#)
3. [Youth Summary of Expenditures Report](#)
4. [National Dislocated Worker Grant Summary of Expenditures Report](#)